

**Questions Received Regarding 2014 SFP
For NE Workers' Compensation Assigned Risk Plan**

Questions are reproduced verbatim, with answers following each question.

Q: Can you please provide complete loss runs for the last five years (2009-2013) plus ytd 2014?

A: Loss information is limited to that which was included in the SFP. Also, Part Three, item 1 of the SFP (page 14) states that detailed information regarding individual claims will be treated as confidential.

Q: Is there a regular (annual?) actuarial reserves study, and if so, can you please provide a summary and detailed report for 2011-2013? Does the plan have a regular independent/outside actuarial reserve analysis completed by someone other than the incumbent carrier?

A: The actuarial information is limited to that which was included in the SFP. Part Three, item 1 (page 14) states what must be reported to the Department. Actuarial standards that apply to all insurance companies will also apply to the incumbent.

Q: Can you please provide a complete in-force policy listing that includes premiums, class codes, payrolls and zip codes for all policies in force?

A: This information is limited to the information provided in the SFP. We have provided two pages in the SFP showing the 20 largest classifications in terms of number of policies and the 20 largest classifications in terms of premiums.

Q: Alternatively, can you please provide policy counts sorted by premium size (under \$1,000, \$1000 - \$2,500, \$2,500-\$5,000, \$5,000-\$10,000, \$10,000-\$20,000, \$20,000-\$50,000, \$50,000-\$100,000, \$100,000+)?

A: This is limited to the policy counts sorted by premium size provided in the SFP. We have provided a sheet titled "Nebraska Workers' Compensation Assigned Risk Plan – 20 Largest Classifications in Terms of # of Policies" and also a sheet titled "Nebraska Workers' Compensation Assigned Risk Plan – 20 Largest Classifications in Terms of Premiums."

Q: When was the last Solicitation for Proposal (SFP)? May we see the last round of proposals? How many companies (other than the incumbent) provided bids during the last SFP?

A: The last SFP was June 2009. Yes, you may see the last round of proposals which are available for review or copying at the Nebraska Department of Insurance. In 2009, the Department received a total of two proposals.

Q: Can you please provide more detail about the evaluation and /or scoring of proposals...is there a formal rating matrix?

A: Evaluation will be done by Nebraska Department of Insurance personnel. There is not a formal rating matrix.

Q: Does the incumbent currently provide coverage for states other than Nebraska?

A: It is unclear whether this question is referring to whether the carrier does business in other states or whether the coverage described in the SFP is meant to cover states other than Nebraska. Information about Travelers is available to the public elsewhere. Regarding other states coverage contemplated by this SFP, please refer to Part One, item 7, which states that the contractor is encouraged to include optional coverage for employers with incidental or substantive exposures outside the State of Nebraska. Also, please refer to the current agreement posted on our website – Article III, section C, item 8 states that the Nebraska Limited Other States Endorsement WC 99 03 59 (00) may be used.

Q: Are there specific First-Report-of-Injury process requirements?

A: Yes, those which are required by the Nebraska Workers' Compensation Court. See www.wcc.ne.gov for details.

Q: Are there requirements regarding the use of legal counsel or is the carrier able to select/use their preferred in-house or local counsel?

A: The carrier can select its own counsel.

Q: What percentage of current policies have employers with e-mods, and what is the average e-mod for those employers that do have e-mods?

A: Unknown, however, given the nature of the business being placed in the Plan you would expect a higher number of employers with e-mods.

Q: Clarification please for item 4-c (page 5 of 19) regarding the Department's preferred pricing method....flat dollar expense constant, plus LCM times NCCI loss cost times a constantcan you please define the second "a constant?"

A: Our apologies. This language was retained from the 2009 SFP. The formula is intended to communicate that the NCCI Rating Rules should be used, with several exceptions to the Rules as provided in the SFP. For example, exceptions to the NCCI Rating Rules are found in Part One, item 3, para. J and K (specific commission rates and specific premium size discounts) and Part One, item 4, para. B and C (no flex rating and, possibly, higher minimum premiums).

Q: Please provide clarification for the intended Contract Term indicated in the SFP. Part One, Section 6 – Contract Term states that the minimum contract term is "three years" however, the dates January 1, 2015 until December 31, 2018 would indicate a contract period for a four year period.

A: Our mistake – the minimum term would be January 1, 2015 until December 31, 2017.

Q: Will the SFP allow for a response in which the assigned risk carrier bids at an LCM which is lower than 2.50 but also asks for some form of voluntary market subsidy which conforms with Part Five of the SFP?

A: No, pursuant to Neb. Rev. Stat. § 44-3,158(2) as explained in Part Five, items 2 and 3 (page 16), if a proposal uses an LCM lower than 2.50, a subsidy will not be available because there would be insufficient grounds for the Director to find that the assigned risk plan's workers' compensation insurance premiums would be unreasonably high in the absence of a subsidy.

Q: Who will be evaluating the proposals?

A: Nebraska Department of Insurance personnel.

Q: While there appears to be no formulaic scoring methodology for evaluating bid responses, assuming that bidders are able to meet all minimum service performance requirements, it appears that preference will be given to the following criteria in order of importance: 1. Responses that require no voluntary market subsidies; 2.

Responses with lower rates as expressed through a lower LCM; 3. Responses that provide enhanced services. Is this an accurate representation of the bid evaluation criteria?

A: Yes.

Q: **If a carrier responding to this SFP is considering revising wording on an existing endorsement that is being used in the Nebraska Assigned Risk Plan, does that new endorsement wording need to be included in its bid response?**

A: It would not be required as long as the new wording does not restrict the current coverage.

Q: **Please provide the NE Assigned Risk Plan Actuarial reports for the past 10 years.**

A: The actuarial information available has been provided in the SFP.

Q: **Please provide the list of large losses over \$250,000, including descriptions of the loss.**

A: Please refer to Part Three, item 1, para. 2 of the SFP (page 14) which states, "detailed information regarding individual claims shall be treated as confidential."

Q: **Is the State of Nebraska open to having 2 contract carriers?**

A: Yes, as stated in the first sentence of the SFP, The Department "is seeking to secure an agreement with one or more workers' compensation insurers."

Q: **Which contract carriers bid during the last renewal?**

A: Travelers and Liberty Mutual.

Q: **Has the voluntary market ever been assessed as a result of the Nebraska Assigned Risk Plan performance?**

A: No.

Q: Has the State of Nebraska ever paid a subsidy to a contract carrier? If yes, please provide a description of the circumstance that warranted a subsidy.

A: No, the State of Nebraska has not ever paid a subsidy to a contract carrier.

Q: Are there any performance concerns with current contract carrier?

A: No.

Q: What percentage of policies are issued electronically?

A: Unknown.

Q: What percentage of claims are denied?

A: Unknown.

Q: What percentage of payments are made by electronic funds transfer and/or with a credit card?

A: Unknown. EFT or credit card payments made for premiums are up to the carrier, but payments by EFT or credit card are not allowed for claim payments.

Q: Does the Nebraska Assigned Risk Plan require a contract carrier to have a dedicated website?

A: No.

Q: What are the percentage of uncollectible premiums for the past 5 years?

A: Unknown.

Q: Regarding the SFP for the Nebraska Assigned Risk WCIP, is this proposal for a Servicing Carrier or a Plan Administrator/Servicing Carrier?

A: Neither, the proposal is for one or more workers' compensation insurers.